

MEDICAL ASSISTANCE  
State NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

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12. Prescribed drugs, dentures, and prosthetic devices; and eye-glasses prescribed by a physician skilled in diseases of the eye or by an optometrist.

a. Prescribed drugs.

Drugs will be reimbursed at the lowest of: the estimated acquisition cost as described below plus a reasonable dispensing fee; the provider's lowest charge to other third party payors; or, the provider's charge to the general public. A dispensing fee will not be paid for prescriptions refilled in the same month, whether it is the same drug or generic equivalent drug.

Multiple Source Drugs - North Carolina has implemented the list of drugs and their prices as published by the Health Care Financing Administration. All drugs on this list are reimbursed at limits set by HCFA unless the physician writes in his own handwriting on the face of the prescription "brand necessary, dispense as written," or words of similar meaning.

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Supersedes  
TN No. \_\_\_\_\_

SEP 18 1990  
Approval Date \_\_\_\_\_ Eff. Date 10/1/90

MEDICAL ASSISTANCE  
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1. Other Drugs

Reimbursement for covered drugs other than the multiple-source drugs with HCFA upper limits shall not exceed the lower of:

- (i) The North Carolina estimated acquisition cost (NCEAC) for the drug plus a reasonable dispensing fee; or
- (ii) The provider's usual and customary charge to the general public for the drug.

2. North Carolina Estimated Acquisition Cost (NCEAC)

NCEAC is defined as the reasonable and best estimate of the price paid by providers for a drug as obtained from a manufacturer or other legal distributor. As determined by the Division the reasonable and best estimate is based on the average wholesale price (AWP) less 10 percent. For the AWP information the Division uses the First Databank Price Update Service, manufacturer's price list, or other nationally published sources. Telephone contact with manufacturer or distributors may be utilized when a published source is not available.

3. Dispensing Fees

Dispensing fees are determined on the basis of surveys that are conducted periodically by Division of Medical Assistance (DMA) or other recognized sources and takes into account various pharmacy operational costs, such as salary, overhead, etc. Between surveys the dispensing fee may be adjusted based upon various factors, i.e., Consumer Price Index (CPI). The Division reviews the fees of other states and other information (i.e., National Pharmacy Surveys). The dispensing fee is paid to all providers for the initial dispensing. Refills within the same month are not paid a dispensing fee. The dispensing fee is \$5.60.

TN No. 92-24  
Supersedes  
TN No. 92-05

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12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist.

b. Dentures.

Statewide fees for services will be established by using the prevailing Medicaid file in effect on July 1, 1981.

Fees for services will be established using the 75th percentile of usual and customary charges as identified in Medicaid's pricing file.

Fees will be set at 90 percent of the 75th percentile except when a General Dentist fee is higher than an Oral Surgeon's fee, and Oral Surgeons provide at least 10 percent of the services. In all such cases, both will be paid at the lower rate.

TN No. 88-12 DATE/RECEIPT 9/21/88  
SUPERSEDES DATE/APPROVED 6/1/89  
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MEDICAL ASSISTANCE  
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12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist.

12.c. PROSTHETIC AND ORTHOTIC DEVICES

Payment for each claim for prosthetic/orthotic devices will be equal to the lower of the supplier's usual and customary billed charges or the maximum fee established for each item. The maximum fees are set at 100 percent of the Medicare Part B fees as of January 1 of each year. If a Medicare fee cannot be obtained for a particular item, the fee will be based on estimates of reasonable costs and updated each January 1 by the forecasted percentage increase in prices for the devices. There will be no retroactive payment adjustments for fee changes.

When devices are provided by state or local government agencies, reimbursement will not exceed the cost of the device.

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MEDICAL ASSISTANCE  
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12. Prescribed drugs, dentures, and prosthetic devices; and  
eyeglasses prescribed by a physician skilled in diseases  
of the eye or by an optometrist.

d. Eyeglasses.

Fees paid to dispensing providers are negotiated fees  
established by the State agency based on industry  
charges.

Payment for materials is made to a contractor(s) in  
accordance with 42 CFR 431.54(d).

TN No. 98-11  
Supersedes  
TN No. 89-12

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13. Other Diagnostic Screening Preventive and Rehabilitative Services

Payments for other diagnostic screening, preventive and rehabilitative services provided by qualified providers are based on rates established for each type of covered service. The rates for all covered services are hourly rates reimbursed in quarter hour units. The prospective rates in the first year of this plan are based on the actual 1988-89 average unit cost of each type of service. The prospective rates are adjusted annually to equal the actual unit cost as determined in the cost analysis for the most recent year available. The cost determinations are based on the weighted average, reflecting the frequency of each type of service, unit costs for qualified providers participating in the North Carolina Pioneer Project. In the base year five (5) area programs implemented the Pioneer Project cost accounting structure. In the second year 17 programs are planned to be included; in the third year 36 programs; and finally all 41 area programs in the fourth year. The phase-in was accomplished to evenly distribute the costs associated with implementing the cost accounting structure. The initial 5 area programs represented a range of programs from the smallest to the largest in terms of population, budget and staff. This methodology complies with 42 CFR 447.325.

Clozapine and related services including clozaril (Clozaril Patient Management Services - CPMS) will be reimbursed to the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) at cost. The Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) will pre-authorize all Medicaid billing.

For patients who elect to receive the drug or related services from other Medicaid enrolled providers, prior authorization through Mental Health must be obtained before direct payment is made to these providers. Services will be billed and reimbursed in the same manne as other medically necessary care.

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14. Services for individuals age 65 or older in institutions for mental diseases.

a. Inpatient Hospital Services.

Described in Attachment 4.19-A and Attachment 3.1-A.1, page 15b.

TN No. 90-17  
Supersedes  
TN No. 88-12

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14. Services for individuals age 65 or older in institutions for  
mental diseases.

c. Intermediate care facility services.

Described in Attachment 4.19-D.

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MEDICAL ASSISTANCE  
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PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

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- 15.a. Intermediate care facility services (other than such services in an institution for mental diseases) for persons determined, in accordance with section 1902(a)(31)(A) of the Act, to be in need of such care.

Described in Attachment 4.19-D.

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15. Intermediate care facility services (other than such services in an institution for mental diseases) for persons determined, in accordance with section 1902(a)(31)(A) of the Act, to be in need of such care.
- b. Including such services in a public institution (or distinct part thereof for the mentally retarded or persons with related conditions.

Described in Attachment 4.19-D Addendum ICF-MR.

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